

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	5 May 2021
Report by:	Executive Director (Finance and Corporate Resources) and Executive Director (Housing and Technical Resources)

Subject:	Revenue Budget Monitoring 2020/2021 - Housing and Technical Resources (Excl Housing Revenue Account (HRA))
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2020 to 26 February 2021 for Housing and Technical Resources (excl HRA)
- ◆ provide a forecast for the year to 31 March 2021

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the overspend of £1.784 million as at 26 February 2021 on Housing and Technical Resources (excl HRA) Revenue Budget, as detailed in Appendix A of the report, and the forecast to 31 March 2021 of a £2.247 million overspend position, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

- 3.1. This is the fourth revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2020/2021.
- 3.2. The report details the financial position for Housing and Technical Resources (excl HRA) in Appendix A, then details the individual services in Appendices B and C and outlines the additional COVID-19 costs, in Appendix D.

4. Employee Implications

4.1. There are no employee implications as a result of this report.

5. Financial Implications

- 5.1. **Probable Outturn:** As at 31 March 2021, there is an overspend of £2.247 million forecast against the annual budget. This is made up of overspends, due to COVID-19, of £1.265 million, partially offset by an underspend of £0.018 million as a result of reduced printing costs due to COVID-19 and £1.000 million under recovery of income due to COVID-19 for property services costs which will not be fully recovered.

- 5.2 This is an increase of £1.100 million from the previous report to reflect the £1.000 million reduced income for property services and £0.100 million of additional tenancy sustainment expenditure, both of which are directly a result of the pandemic, and the costs of which are being met from the councils COVID-19 funding.
- 5.2. As at 26 February 2021, there is an overspend of £1.784 million against the phased budget.
- 5.3. The overspend is caused by additional expenditure in relation to the COVID-19 response including additional expenditure for temporary accommodation costs for homeless people and the cost of additional Health and Safety measures for employees and service users.
- 5.4. COVID-19 restrictions have also had an impact on Property Services which provide the property investment, repairs and maintenance service to the HRA as well as to other Resources' Capital and Revenue budgets. The Service continues to incur non variable costs which cannot be fully recovered. This will result in an overall shortfall of £1.000 million against budgeted income.
- 5.5 An additional £0.282 million of Rapid Rehousing Transition Plan funding has been allocated as a redetermination of General Revenue Grant. The funding is to be used to support the delivery and implementation of the South Lanarkshire Rapid Rehousing Transition Plan (RRTP) 2019-2024. Confirmation has been received from the Scottish Government that that unspent sums can be carried forward to 2021/2022. It is proposed to transfer to reserves any RRTP balance at year-end, to continue the delivery of the plan.

6. Climate Change, Sustainability and Environmental Implications

- 6.1. There are no Climate Change, Sustainability and Environmental Implications in terms of the information contained within this report.

7. Other Implications

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken, where appropriate.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

Daniel Lowe

Executive Director (Housing and Technical Resources)

30 March 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 28 April 2021
- ◆ Housing and Technical Resources Committee, 17 February 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 26 February 2021

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 26 February 2021 (No.12)

Housing and Technical Resources Summary (excl HRA)

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual 26/02/21	Variance 26/02/21		% Variance 26/02/21	Notes
Employee Costs	43,323	41,763	1,560	1,560	38,497	37,342	1,155	under	3.0%	
Property Costs	20,018	21,373	(1,355)	(1,355)	17,642	18,606	(964)	over	(5.5%)	
Supplies & Services	14,035	9,266	4,769	4,769	12,489	6,121	6,368	under	51.0%	
Transport & Plant	4,595	4,260	335	335	4,120	3,375	745	under	18.1%	
Administration Costs	3,796	3,909	(113)	(113)	3,428	3,477	(49)	over	(1.4%)	
Payments to Other Bodies	8,903	9,201	(298)	(298)	6,443	6,831	(388)	over	(6.0%)	
Payments to Contractors	18,790	12,881	5,909	5,909	16,324	10,965	5,359	under	32.8%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	154	142	12	12	143	148	(5)	over	(3.5%)	
Total Controllable Exp.	113,614	102,795	10,819	10,819	99,086	86,865	12,221	under	12.3%	
Total Controllable Inc.	(97,868)	(84,802)	(13,066)	(13,066)	(85,281)	(71,276)	(14,005)	under recovered	(16.4%)	
Net Controllable Exp.	15,746	17,993	(2,247)	(2,247)	13,805	15,589	(1,784)	over	12.9%	
Transfer to Reserves as at (26/02/21)	0	0	0	0	0	0	0	-		
Position After Transfers to Reserves (26/02/21)	15,746	17,993	(2,247)	(2,247)	13,805	15,589	(1,784)	over	12.9%	

Variance Explanations

Variances are shown in Appendix B - D as appropriate.

Budget Virements

Virements are shown in Appendix B and C as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 26 February 2021 (No.12)

Housing Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual 26/02/21	Variance 26/02/21	% Variance 26/02/21	Notes
Employee Costs	2,854	2,480	374	374	2,526	2,284	242	under	9.6% 1
Property Costs	5,584	5,515	69	69	4,456	4,438	18	under	0.4%
Supplies & Services	115	160	(45)	(45)	90	75	15	under	16.7%
Transport & Plant	113	91	22	22	61	38	23	under	37.7%
Administration Costs	168	174	(6)	(6)	143	153	(10)	over	(7.0%)
Payments to Other Bodies	4,702	4,545	157	157	3,576	3,528	48	under	1.3%
Payments to Contractors	2,784	2,795	(11)	(11)	1,771	1,771	0	-	0.0% a
Transfer Payments	0	0	0	0	0	0	0	-	0.0%
Financing Charges	11	11	0	0	11	13	(2)	over	(18.2%)
Total Controllable Exp.	16,331	15,771	560	560	12,634	12,300	334	under	2.6%
Total Controllable Inc.	(7,251)	(6,846)	(405)	(405)	(6,606)	(6,350)	(256)	under recovered	(3.9%) 2
Net Controllable Exp.	9,080	8,925	155	155	6,028	5,950	78	under	(1.3%)
Transfer to Reserves as at (26/02/21)	0	0	0	0	0	0	0	-	
Position After Transfers to Reserves (26/02/21)	9,080	8,925	155	155	6,028	5,950	78	under	(1.3%)

Variance Explanations

1. The variance in Employee Costs relates to vacancies which are actively being recruited or are still under consideration whilst service requirements are determined.
2. The majority of this variance is an under recovery of income from lower than budgeted levels of temporary accommodation stock. Stock levels and demand are monitored and re-assessed on an ongoing basis

Budget Virements

- a. Rapid Rehousing Transition Plan additional grant funding Net :£0.282m :- Payments to Other Bodies £0.282m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 26 February 2021 (No.12)

Property Services

<u>Budget Category</u>	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual 26/02/21	Variance 26/02/21		% Variance 26/02/21	Notes
Employee Costs	40,469	39,283	1,186	1,186	35,971	35,058	913	under	2.5%	1
Property Costs	14,434	14,613	(179)	(179)	13,186	13,324	(138)	over	(1.0%)	2
Supplies & Services	13,920	9,049	4,871	4,871	12,399	5,965	6,434	under	51.9%	3
Transport & Plant	4,482	4,165	317	317	4,059	3,337	722	under	17.8%	4
Administration Costs	3,628	3,670	(42)	(42)	3,285	3,268	17	under	0.5%	
Payments to Other Bodies	4,201	4,191	10	10	2,867	2,908	(41)	over	(1.4%)	
Payments to Contractors	16,006	10,065	5,941	5,941	14,553	9,168	5,385	under	37.0%	5
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	143	131	12	12	132	135	(3)	over	(2.3%)	
Total Controllable Exp.	97,283	85,167	12,116	12,116	86,452	73,163	13,289	under	15.4%	
Total Controllable Inc.	(90,617)	(77,364)	(13,253)	(13,253)	(78,675)	(64,308)	(14,367)	under recovered	(18.3%)	6
Net Controllable Exp.	6,666	7,803	(1,137)	(1,137)	7,777	8,855	(1,078)	over	13.9%	
Transfer to Reserves as at (26/02/21)	0	0	0	0	0	0	0	-		
Position After Transfers to Reserves (26/02/21)	6,666	7,803	(1,137)	(1,137)	7,777	8,855	(1,078)	over	13.9%	

Variance Explanations

1. The variance in Employee Costs relates to vacancies which are actively being recruited or are still under consideration whilst service requirements are determined. An element of the underspend is also due to lower levels of overtime as a result of Covid-19 restrictions.
2. Estates bad debt provision is forecast to be higher than budget due to the level of bad debts being experienced across the portfolio.
3. COVID-19 restrictions have impacted on the level of materials required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
4. COVID-19 restrictions have impacted on the level of plant and scaffolding required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
5. COVID-19 restrictions have impacted on the level of Sub Contractors required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
6. The level of income recovered varies depending on the current workload and timing for the recovery of income on a wide variety of major capital and revenue works. COVID-19 restrictions have had an impact on the level of income recovered as can be seen from the underspends above. The service continues to incur non variable costs of which an element was required to be offset by income recovery.

Budget Virements

None

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 26 February 2021 (No.12)

Housing and Technical Resources Summary (excl HRA) - Covid-19

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual 26/02/21	Variance 26/02/21	% Variance 26/02/21	Notes
Employee Costs	0	0	0	0	0	0	0	-	0.0%
Property Costs	0	1,245	(1,245)	(1,245)	0	844	(844)	over	0.0% 1
Supplies & Services	0	57	(57)	(57)	0	81	(81)	over	0.0% 2
Transport & Plant	0	4	(4)	(4)	0	0	0	-	0.0%
Administration Costs	0	65	(65)	(65)	0	56	(56)	over	0.0% 2
Payments to Other Bodies	0	465	(465)	(465)	0	395	(395)	over	0.0% 1
Payments to Contractors	0	21	(21)	(21)	0	26	(26)	over	0.0% 2
Transfer Payments	0	0	0	0	0	0	0	-	0.0%
Financing Charges	0	0	0	0	0	0	0	-	0.0%
Total Controllable Exp.	0	1,857	(1,857)	(1,857)	0	1,402	(1,402)	over	0.0%
Total Controllable Inc.	0	(592)	592	592	0	(618)	618	over recovered	0.0% 3
Net Controllable Exp.	0	1,265	(1,265)	(1,265)	0	784	(784)	over	0.0%
Transfer to Reserves as at (26/02/21)	0	0	0	0	0	0	0	-	
Position After Transfers to Reserves (26/02/21)	0	1,265	(1,265)	(1,265)	0	784	(784)	over	0.0%

Variance Explanations

1. The majority of this additional expenditure is for temporary accommodation costs for homeless people and is partially offset by income.
2. This reflects the cost of additional Health and Safety measures for Housing and Property Staff and service users.
3. This reflects the income recovered from rental income for the additional temporary accommodation supplied.

Budget Virements

None